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INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGREEMENT dated as of October 15, 1973, by and between BORG WARNER EQUITIES CORPORATION (hereinafter called the Company), and INTER NATIONAL BANK OF MIAMI, as Trustee (hereinafter called the Trustee) under an Equipment Trust Agreement dated as of October 15, 1973 (hereinafter called the Equipment Trust Agreement), between the Trustee and the Company.

WHEREAS the Company, as Lessor, and Canadian Pacific Limited, as Lessee (hereinafter called the Lessee), have entered into a Lease (as defined in the Equipment Trust Agreement), providing for the leasing by the Company to the Lessee of the Units (as defined in the Lease); and

WHEREAS, in order to provide security for the obligations of the Company under the Equipment Trust Agreement and as an inducement to the purchasers of the Equipment Trust Certificates to be issued under the Equipment Trust Agreement to purchase said Certificates, the Company has agreed to assign for security purposes its rights in, to and under the Lease to the Trustee;

Now, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed the parties hereto agree as follows:

1. As security for the payment and performance of its obligations under the Equipment Trust Agreement, the Company hereby assigns, transfers and sets over unto the Trustee all the Company's rights, title and interest as Lessor under the Lease, including without limitation the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Company from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payments, liquidated damages or otherwise (such moneys other than as excepted by the provision to this sentence being hereinafter called the Payments) and the right to make all waivers and agreements to give all notices, consents and releases to take all action upon the happening of an Event of Default specified in the Lease and to do any and all other things whatsoever which the Company as Lessor is or may become entitled to do under the Lease but excepting and reserving to the Lessor, however, all rights of the Lessor under the Lease (1) to sue for and to receive damages under the Lease for the breach of and to receive payments directly in respect of any covenant, representation or warranty of the Lessee which is for the exclusive benefit of the Lessor under Sections 5, 9(b) (iii) and (iv) (but only to the extent such payments do not exceed the amount of the Company's investment in

the Cost of the Equipment (as defined in the Equipment Trust Agreement)) and subsections (A), (C) and (D) of Section 14 of the Lease and in the event of a termination of the Lease pursuant to Section 9(b) thereof to sue for and receive damages under the Lease payable under Section 9(b) (iii) and (iv) of the Lease (but only to the extent such damages do not exceed the amount of the Company's investment in the Cost of the Equipment (as defined in the Equipment Trust Agreement)) and (2), subject to the foregoing clause 1, in respect of all indemnities provided in the Lease for the benefit of the Lessor, but the reservation in this clause (2) shall not prevent any suit and recovery by the Trustee or any holder of any Trust Certificate or Trust Certificates under the Lease in respect of any indemnities provided in the Lease for the benefit of the Trustee or such holder.

The Company agrees to cause all the Payments to be made directly to the Trustee at 627 Southwest Twenty-seventh Avenue, Miami, Florida 33135, Attention: Corporate Trust Office. The Trustee will accept all Payments and all other payments pursuant to this Assignment and will apply the same as follows: first, to or toward the payment of all amounts then due and payable or which shall become due and payable on the next succeeding April 15 or October 15, as the case may be, under the Equipment Trust Agreement and the Trustee shall credit such Payments and such payments pursuant to this Assignment so applied to the amounts so due and payable or so to become due and payable on the next succeeding April 15 or October 15, as the case may be, by the Company under the Equipment Trust Agreement; and second, so long as, to the actual knowledge of the Trustee, no Event of Default (as defined in the Equipment Trust Agreement) or event known to the Trustee which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and then be continuing, any balance of such Payments and such payments pursuant to this Assignment remaining shall be paid over to the Company by the Trustee. So long as, to the actual knowledge of the Trustee, an Event of Default or event which with notice or lapse of time or both, would constitute an Event of Default shall then be continuing, the Trustee shall not pay over any of the Payments or such payments pursuant to this Assignment, but, during such continuance, shall apply all Payments and all such payments pursuant to this Assignment in a manner consistent with the provisions of the Equipment Trust Agreement.

2. The assignment made hereby is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Trustee to, or transfer, or pass, or in any way affect or modify any liability of the Company under the Lease, it being understood and agreed that notwithstanding such assignment or any subsequent assignment all obligations of the Company to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Company or persons other than the Trustee.

3. To protect the security afforded by this Assignment the Company agrees as follows:

(a) Faithfully to abide by, perform and discharge each and every obligation, covenant and agreement of the Lease by the Company to be performed; at the sole cost and expense of the Company (except as otherwise provided herein or by any of the instruments or agreements referred to herein or in the Equipment Trust Agreement), to enforce or secure the performance of each and every obligation, covenant, condition and agreement contained in the Lease by the Lessee to be performed; without the written consent of the Trustee not to anticipate the rents under the Lease or to waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein; to hold any Payments received by the Company which are assigned and set over to the Trustee by this Assignment in trust for the Trustee and to turn them over to the Trustee forthwith in the same form in which they are received for application in accordance with the terms and conditions hereof.

(b) At the Company's sole cost and expense (except as otherwise provided herein or by any of the instruments or agreements referred to herein or in the Equipment Trust Agreement), to (i) appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the Lease or obligations, duties or liabilities of the Company and the Lessee thereunder and (ii) pay all costs and expenses of the Trustee, including attorneys' fees in a reasonable sum, in any action or proceeding pertaining thereto in which the Trustee may appear.

(c) That should the Company fail to make any payment or to do any act as herein provided, then the Trustee, but without obligation so to do and without notice to or demand on the Company and without releasing the Company from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Company contained in the Lease; and in exercising any such powers to pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees.

(d) To pay immediately upon demand, all sums expended by the Trustee under the authority hereof, together with interest thereon at the rate of 10% per annum.

4. The Company does hereby constitute the Trustee the Company's true and lawful attorney, irrevocably, with full power (in the name of the Company, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Company is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Trustee may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Company's obligations under the Equipment Trust Agreement, the assignment made hereby and all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease and the Payments shall revert to the Company.

6. The Company represents and warrants that (a) the execution and delivery by the Company of the Lease, this Assignment and the Equipment Trust Agreement have each been duly authorized, and the Lease, this Assignment and the Equipment Trust Agreement are and will remain the valid and binding obligations of the Company in accordance with their terms; (b) the Company has not executed any other assignment of the Lease and the Trustee's right to receive all payments under the Lease is and will continue to be free and clear of any and all liens, agreements, security interests or other encumbrances (c) notwithstanding this Assignment, the Company will conform and comply with each and all of the covenants and conditions in the Lease and the Equipment Trust Agreement set forth to be complied with by it, (d) to the knowledge of the Company, it has performed all obligations on its part to be performed under the Lease and the Equipment Trust Agreement on or prior to the date hereof and (e) the Lease and the Equipment Trust Agreement are in full force and effect and have not been canceled and to the knowledge of the Company there has not occurred on or prior to the date hereof any Event of Default (as that term is defined in the Equipment Trust Agreement) or any event which with notice and/or lapse of time would constitute such an Event of Default.

If an Event of Default (as defined in the Equipment Trust Agreement) shall occur and be continuing, the Trustee shall be entitled (i) to exercise all the rights, privileges and remedies available to the Lessor under the Lease and to the Trustee under the Equipment Trust Agreement and (ii) to do any acts which the Trustee deems proper to protect the security hereof, either with

or without taking possession of the Units. The taking possession of the Units and the taking of any action permitted as aforesaid shall not cure or waive any default or waive, modify or affect any default hereunder or under the Lease or the Equipment Trust Agreement, or invalidate any act done hereunder.

7. The Company covenants and agrees with the Trustee that in any suit, proceeding or action brought by the Trustee under the Lease for any instalment of, or interest on, any rental or other sum owing thereunder, or to enforce any provisions of the Lease, the Company will save, indemnify and keep the Trustee harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Lessee or its successors, arising out of a breach by the Company of any obligation under the Lease or arising out of any other indebtedness or liability at any time owing to the Lessee or its successors from the Company. Any and all such obligations of the Company shall be and remain enforceable against and only against the Company and shall not be enforceable against the Trustee or any party or parties in whom any of the rights of the Company under the Lease shall vest by reason of the successive assignments or transfers.

8. The Company will from time to time execute all such financing statements and supplemental instruments and documents as the Trustee may from time to time reasonably request in order to confirm or further assure the assignment made hereby and the provisions hereof.

9. The Trustee may assign to any successor trustee appointed pursuant to Section 8.06 of the Equipment Trust Agreement or any co-trustee or separate trustee appointed pursuant to Section 8.09 thereof all or any of its rights under the Lease, including the right to receive any payments due or to become due to it from the Lessee thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all obligations of the Trustee hereunder.

10. The Company agrees that it will not, without the prior written consent of the Trustee, enter into any agreement amending, modifying or terminating the Lease and that any amendment, modification or termination thereof without such consent shall be void, and agrees that it will not take any action or omit to take any action the taking or omission of which might result in an alteration or impairment of the Lease.

11. This Assignment shall be governed by the laws of the State of Illinois, provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act of the United States, the applicable recording laws of Canada and such additional rights arising out of the filing,

recording or depositing hereof and of any assignment hereof or out of the markings on the Units as shall be conferred by the laws of the several jurisdictions in which this Assignment or any further assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

12. The Company shall cause copies of all notices received in connection with the Lease to be promptly delivered to the Trustee at 627 Southwest Twenty-seventh Avenue, Miami, Florida 33135, Attention: Corporate Trust Office or at such other address as the Trustee shall designate.

13. Any provision of this Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Company hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

14. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

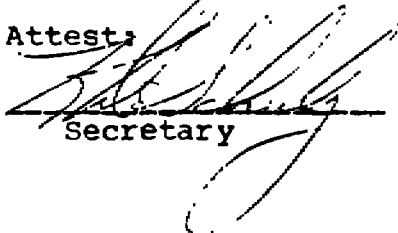
IN WITNESS WHEREOF, the Company has caused this instrument to be signed by an officer thereunto duly authorized, as of the date first above written.

[CORPORATE SEAL]

BORG WARNER EQUITIES CORPORATION,

Attest:

by


Secretary


Vice President

Accepted:

INTER NATIONAL BANK OF MIAMI,
as Trustee,

by

STATE OF ILLINOIS)
) ss.:
 COUNTY OF COOK)

On this *9th* day of *NOVEMBER*, 1973, before me personally appeared *J. G. QUINNERT*, to me personally known, who, being by me duly sworn, says that he is a Vice President of BORG WARNER EQUITIES CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires

My Commission Expires Sept. 13, 1976

Kathryn L. Henrich
 Notary Public

[NOTARIAL SEAL]

LESSEE'S CONSENT AND AGREEMENT

The undersigned, a corporation duly incorporated under the laws of Canada, the Lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Assignment), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers and holders of the Equipment Trust Certificates to be issued pursuant to the Equipment Trust Agreement (hereinafter called the Equipment Trust Agreement) dated as of October 15, 1973 between Inter National Bank of Miami, as Trustee (hereinafter called the Trustee) and Borg Warner Equities Corporation (hereinafter called the Lessor), (a copy of which has been delivered to the undersigned) pursuant to which the Lessor is partially financing the purchase of the units of railroad equipment (hereinafter called the Units) being leased by the Lessor to the undersigned pursuant to the Lease, and in consideration of other good and valuable consideration, the undersigned agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease in respect of the Units leased thereunder, directly to the Trustee, at 627 Southwest Twenty-seventh Avenue, Miami, Florida 33135, Attention: Corporate Trust Office (or at such other address as may be furnished in writing to the undersigned by the Trustee); and, if the undersigned fails for any reason whatsoever to pay to the Trustee any Payments, it will pay to the Trustee, on the respective dates and times set forth in the Lease on which the Payments are specified to be due thereunder, sums equivalent to the Payments which the undersigned shall not theretofore have paid to the Trustee; it being hereby agreed that the undersigned's obligation to pay all the aforesaid Payments or sums equivalent to the Payments is absolute and unconditional;

(2) the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Trustee were named therein as the Lessor;

(3) the Payments or sums equivalent to the Payments due hereunder shall not be subject to any right of setoff or counterclaim or other defense which the undersigned might have against the Lessor or otherwise, and the payment thereof to the Trustee shall be final and shall not be subject to, and the undersigned hereby agrees to indemnify the Trustee against, any liens, charges or claims of any nature

whatsoever (other than liens, charges or claims created or incurred by the Trustee not arising out of the transactions contemplated by the Equipment Trust Agreement, the Lease or the Assignment) resulting from a breach by the undersigned of its obligations under the Lease, prior to or pari passu with the right of the Trustee to apply such Payments or sums equivalent thereto, as provided in the Assignment;

(4) the Trustee shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise (except as hereinafter provided);

(5) the Lease shall not, without the prior written consent of the Trustee, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease, the Assignment or this Consent and Agreement or of any of the rights created by any thereof; and

(6) it will (i) execute, deliver and/or furnish all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Purchase Agreement (as defined in the Equipment Trust Agreement), the Assignment and/or the Equipment Trust Agreement and (ii) do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of any thereof.

In consideration of the premises, the Lessee's covenants aforementioned and other good and valuable consideration, the Trustee agrees to pay to the Lessee in accordance with Section 8.04 of the Equipment Trust Agreement such amounts, if any, as are therein specified to be paid to the Lessee, provided that the Lessor is not in default under the Equipment Trust Agreement and the Lessee is not in default under the Lease.

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the Province of Quebec, Canada, and, for all purposes, shall be construed in accordance with the laws of said Province.

Dated as of October 15, 1973

CANADIAN PACIFIC LIMITED,

[CORPORATE SEAL]

by

Vice President of
the Company

Attest:

Secretary

Accepted:

INTER NATIONAL BANK OF MIAMI,
as Trustee,

by

Authorized Officer

PROVINCE OF QUEBEC

SS.:

CITY OF MONTREAL

On this day of , 1973, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Vice President of the Company of CANADIAN PACIFIC LIMITED, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Commissioner for Oaths

[SEAL]

ASSIGNMENT OF LEASE AND AGREEMENT dated as of October 15, 1973, by and between BORG WARNER EQUITIES CORPORATION (hereinafter called the Company), and INTER NATIONAL BANK OF MIAMI, as Trustee (hereinafter called the Trustee) under an Equipment Trust Agreement dated as of October 15, 1973 (hereinafter called the Equipment Trust Agreement), between the Trustee and the Company.

WHEREAS the Company, as Lessor, and Canadian Pacific Limited, as Lessee (hereinafter called the Lessee), have entered into a Lease (as defined in the Equipment Trust Agreement), providing for the leasing by the Company to the Lessee of the Units (as defined in the Lease); and

WHEREAS, in order to provide security for the obligations of the Company under the Equipment Trust Agreement and as an inducement to the purchasers of the Equipment Trust Certificates to be issued under the Equipment Trust Agreement to purchase said Certificates, the Company has agreed to assign for security purposes its rights in, to and under the Lease to the Trustee;

Now, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed the parties hereto agree as follows:

1. As security for the payment and performance of its obligations under the Equipment Trust Agreement, the Company hereby assigns, transfers and sets over unto the Trustee all the Company's rights, title and interest as Lessor under the Lease, including without limitation the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Company from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payments, liquidated damages or otherwise (such moneys other than as excepted by the provision to this sentence being hereinafter called the Payments) and the right to make all waivers and agreements to give all notices, consents and releases to take all action upon the happening of an Event of Default specified in the Lease and to do any and all other things whatsoever which the Company as Lessor is or may become entitled to do under the Lease but excepting and reserving to the Lessor, however, all rights of the Lessor under the Lease (1) to sue for and to receive damages under the Lease for the breach of and to receive payments directly in respect of any covenant, representation or warranty of the Lessee which is for the exclusive benefit of the Lessor under Sections 5, 9(b) (iii) and (iv) (but only to the extent such payments do not exceed the amount of the Company's investment in

the Cost of the Equipment (as defined in the Equipment Trust Agreement)) and subsections (A), (C) and (D) of Section 14 of the Lease and in the event of a termination of the Lease pursuant to Section 9(b) thereof to sue for and receive damages under the Lease payable under Section 9(b) (iii) and (iv) of the Lease (but only to the extent such damages do not exceed the amount of the Company's investment in the Cost of the Equipment (as defined in the Equipment Trust Agreement)) and (2), subject to the foregoing clause 1, in respect of all indemnities provided in the Lease for the benefit of the Lessor, but the reservation in this clause (2) shall not prevent any suit and recovery by the Trustee or any holder of any Trust Certificate or Trust Certificates under the Lease in respect of any indemnities provided in the Lease for the benefit of the Trustee or such holder.

The Company agrees to cause all the Payments to be made directly to the Trustee at 627 Southwest Twenty-seventh Avenue, Miami, Florida 33135, Attention: Corporate Trust Office. The Trustee will accept all Payments and all other payments pursuant to this Assignment and will apply the same as follows: first, to or toward the payment of all amounts then due and payable or which shall become due and payable on the next succeeding April 15 or October 15, as the case may be, under the Equipment Trust Agreement and the Trustee shall credit such Payments and such payments pursuant to this Assignment so applied to the amounts so due and payable or so to become due and payable on the next succeeding April 15 or October 15, as the case may be, by the Company under the Equipment Trust Agreement; and second, so long as, to the actual knowledge of the Trustee, no Event of Default (as defined in the Equipment Trust Agreement) or event known to the Trustee which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and then be continuing, any balance of such Payments and such payments pursuant to this Assignment remaining shall be paid over to the Company by the Trustee. So long as, to the actual knowledge of the Trustee, an Event of Default or event which with notice or lapse of time or both, would constitute an Event of Default shall then be continuing, the Trustee shall not pay over any of the Payments or such payments pursuant to this Assignment, but, during such continuance, shall apply all Payments and all such payments pursuant to this Assignment in a manner consistent with the provisions of the Equipment Trust Agreement.

2. The assignment made hereby is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Trustee to, or transfer, or pass, or in any way affect or modify any liability of the Company under the Lease, it being understood and agreed that notwithstanding such assignment or any subsequent assignment all obligations of the Company to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Company or persons other than the Trustee.

3. To protect the security afforded by this Assignment the Company agrees as follows:

(a) Faithfully to abide by, perform and discharge each and every obligation, covenant and agreement of the Lease by the Company to be performed; at the sole cost and expense of the Company (except as otherwise provided herein or by any of the instruments or agreements referred to herein or in the Equipment Trust Agreement), to enforce or secure the performance of each and every obligation, covenant, condition and agreement contained in the Lease by the Lessee to be performed; without the written consent of the Trustee not to anticipate the rents under the Lease or to waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein; to hold any Payments received by the Company which are assigned and set over to the Trustee by this Assignment in trust for the Trustee and to turn them over to the Trustee forthwith in the same form in which they are received for application in accordance with the terms and conditions hereof.

(b) At the Company's sole cost and expense (except as otherwise provided herein or by any of the instruments or agreements referred to herein or in the Equipment Trust Agreement), to (i) appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the Lease or obligations, duties or liabilities of the Company and the Lessee thereunder and (ii) pay all costs and expenses of the Trustee, including attorneys' fees in a reasonable sum, in any action or proceeding pertaining thereto in which the Trustee may appear.

(c) That should the Company fail to make any payment or to do any act as herein provided, then the Trustee, but without obligation so to do and without notice to or demand on the Company and without releasing the Company from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of the Company contained in the Lease; and in exercising any such powers to pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees.

(d) To pay immediately upon demand, all sums expended by the Trustee under the authority hereof, together with interest thereon at the rate of 10% per annum.

4. The Company does hereby constitute the Trustee the Company's true and lawful attorney, irrevocably, with full power (in the name of the Company, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Company is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Trustee may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Company's obligations under the Equipment Trust Agreement, the assignment made hereby and all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease and the Payments shall revert to the Company.

6. The Company represents and warrants that (a) the execution and delivery by the Company of the Lease, this Assignment and the Equipment Trust Agreement have each been duly authorized, and the Lease, this Assignment and the Equipment Trust Agreement are and will remain the valid and binding obligations of the Company in accordance with their terms; (b) the Company has not executed any other assignment of the Lease and the Trustee's right to receive all payments under the Lease is and will continue to be free and clear of any and all liens, agreements, security interests or other encumbrances (c) notwithstanding this Assignment, the Company will conform and comply with each and all of the covenants and conditions in the Lease and the Equipment Trust Agreement set forth to be complied with by it, (d) to the knowledge of the Company, it has performed all obligations on its part to be performed under the Lease and the Equipment Trust Agreement on or prior to the date hereof and (e) the Lease and the Equipment Trust Agreement are in full force and effect and have not been canceled and to the knowledge of the Company there has not occurred on or prior to the date hereof any Event of Default (as that term is defined in the Equipment Trust Agreement) or any event which with notice and/or lapse of time would constitute such an Event of Default.

If an Event of Default (as defined in the Equipment Trust Agreement) shall occur and be continuing, the Trustee shall be entitled (i) to exercise all the rights, privileges and remedies available to the Lessor under the Lease and to the Trustee under the Equipment Trust Agreement and (ii) to do any acts which the Trustee deems proper to protect the security hereof, either with

or without taking possession of the Units. The taking possession of the Units and the taking of any action permitted as aforesaid shall not cure or waive any default or waive, modify or affect any default hereunder or under the Lease or the Equipment Trust Agreement, or invalidate any act done hereunder.

7. The Company covenants and agrees with the Trustee that in any suit, proceeding or action brought by the Trustee under the Lease for any instalment of, or interest on, any rental or other sum owing thereunder, or to enforce any provisions of the Lease, the Company will save, indemnify and keep the Trustee harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim or recoupment whatsoever of the Lessee or its successors, arising out of a breach by the Company of any obligation under the Lease or arising out of any other indebtedness or liability at any time owing to the Lessee or its successors from the Company. Any and all such obligations of the Company shall be and remain enforceable against and only against the Company and shall not be enforceable against the Trustee or any party or parties in whom any of the rights of the Company under the Lease shall vest by reason of the successive assignments or transfers.

8. The Company will from time to time execute all such financing statements and supplemental instruments and documents as the Trustee may from time to time reasonably request in order to confirm or further assure the assignment made hereby and the provisions hereof.

9. The Trustee may assign to any successor trustee appointed pursuant to Section 8.06 of the Equipment Trust Agreement or any co-trustee or separate trustee appointed pursuant to Section 8.09 thereof all or any of its rights under the Lease, including the right to receive any payments due or to become due to it from the Lessee thereunder. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all obligations of the Trustee hereunder.

10. The Company agrees that it will not, without the prior written consent of the Trustee, enter into any agreement amending, modifying or terminating the Lease and that any amendment, modification or termination thereof without such consent shall be void, and agrees that it will not take any action or omit to take any action the taking or omission of which might result in an alteration or impairment of the Lease.

11. This Assignment shall be governed by the laws of the State of Illinois, provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act of the United States, the applicable recording laws of Canada and such additional rights arising out of the filing,

recording or depositing hereof and of any assignment hereof or out of the markings on the Units as shall be conferred by the laws of the several jurisdictions in which this Assignment or any further assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

12. The Company shall cause copies of all notices received in connection with the Lease to be promptly delivered to the Trustee at 627 Southwest Twenty-seventh Avenue, Miami, Florida 33135, Attention: Corporate Trust Office or at such other address as the Trustee shall designate.

13. Any provision of this Assignment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Company hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

14. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this instrument to be signed by an officer thereunto duly authorized, as of the date first above written.

[CORPORATE SEAL]

BORG WARNER EQUITIES CORPORATION,

Attest:

by

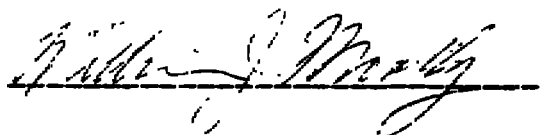
Secretary

Vice President

Accepted:

INTER NATIONAL BANK OF MIAMI,
as Trustee,

by



On this day of , 1973, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BORG WARNER EQUITIES CORPORATION, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires

Notary Public

[NOTARIAL SEAL]

LESSEE'S CONSENT AND AGREEMENT

The undersigned, a corporation duly incorporated under the laws of Canada, the Lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Assignment), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers and holders of the Equipment Trust Certificates to be issued pursuant to the Equipment Trust Agreement (hereinafter called the Equipment Trust Agreement) dated as of October 15, 1973 between Inter National Bank of Miami, as Trustee (hereinafter called the Trustee) and Borg Warner Equities Corporation (hereinafter called the Lessor), (a copy of which has been delivered to the undersigned) pursuant to which the Lessor is partially financing the purchase of the units of railroad equipment (hereinafter called the Units) being leased by the Lessor to the undersigned pursuant to the Lease, and in consideration of other good and valuable consideration, the undersigned agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease in respect of the Units leased thereunder, directly to the Trustee, at 627 Southwest Twenty-seventh Avenue, Miami, Florida 33135, Attention: Corporate Trust Office (or at such other address as may be furnished in writing to the undersigned by the Trustee); and, if the undersigned fails for any reason whatsoever to pay to the Trustee any Payments, it will pay to the Trustee, on the respective dates and times set forth in the Lease on which the Payments are specified to be due thereunder, sums equivalent to the Payments which the undersigned shall not theretofore have paid to the Trustee; it being hereby agreed that the undersigned's obligation to pay all the aforesaid Payments or sums equivalent to the Payments is absolute and unconditional;

(2) the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Trustee were named therein as the Lessor;

(3) the Payments or sums equivalent to the Payments due hereunder shall not be subject to any right of setoff or counterclaim or other defense which the undersigned might have against the Lessor or otherwise, and the payment thereof to the Trustee shall be final and shall not be subject to, and the undersigned hereby agrees to indemnify the Trustee against, any liens, charges or claims of any nature

whatsoever (other than liens, charges or claims created or incurred by the Trustee not arising out of the transactions contemplated by the Equipment Trust Agreement, the Lease or the Assignment) resulting from a breach by the undersigned of its obligations under the Lease, prior to or pari passu with the right of the Trustee to apply such Payments or sums equivalent thereto, as provided in the Assignment;

(4) the Trustee shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise (except as hereinafter provided);

(5) the Lease shall not, without the prior written consent of the Trustee, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease, the Assignment or this Consent and Agreement or of any of the rights created by any thereof; and

(6) it will (i) execute, deliver and/or furnish all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Purchase Agreement (as defined in the Equipment Trust Agreement), the Assignment and/or the Equipment Trust Agreement and (ii) do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of any thereof.

In consideration of the premises, the Lessee's covenants aforementioned and other good and valuable consideration, the Trustee agrees to pay to the Lessee in accordance with Section 8.04 of the Equipment Trust Agreement such amounts, if any, as are therein specified to be paid to the Lessee, provided that the Lessor is not in default under the Equipment Trust Agreement and the Lessee is not in default under the Lease.

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the Province of Quebec, Canada, and, for all purposes, shall be construed in accordance with the laws of said Province.

Dated as of October 15, 1973

CANADIAN PACIFIC LIMITED,

[CORPORATE SEAL]

by

Vice President of
the Company

Attest:

Secretary

Accepted:

INTER NATIONAL BANK OF MIAMI,
as Trustee,

by

William S. Murphy
Authorized Officer

PROVINCE OF QUEBEC

ss.:

CITY OF MONTREAL

On this day of , 1973, before me
personally appeared , to me personally
known, who, being by me duly sworn, says that he is Vice
President of the Company of CANADIAN PACIFIC LIMITED, that the
seal affixed to the foregoing instrument is the corporate seal of
said corporation and that said instrument was signed and sealed
on behalf of said corporation by authority of its Board of
Directors and he acknowledged that the execution of the foregoing
instrument was the free act and deed of said corporation.

Commissioner for Oaths

[SEAL]

LESSEE'S CONSENT AND AGREEMENT

The undersigned, a corporation duly incorporated under the laws of Canada, the Lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Assignment), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers and holders of the Equipment Trust Certificates to be issued pursuant to the Equipment Trust Agreement (hereinafter called the Equipment Trust Agreement) dated as of October 15, 1973 between Inter National Bank of Miami, as Trustee (hereinafter called the Trustee) and Borg Warner Equities Corporation (hereinafter called the Lessor), (a copy of which has been delivered to the undersigned) pursuant to which the Lessor is partially financing the purchase of the units of railroad equipment (hereinafter called the Units) being leased by the Lessor to the undersigned pursuant to the Lease, and in consideration of other good and valuable consideration, the undersigned agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease in respect of the Units leased thereunder, directly to the Trustee, at 627 Southwest Twenty-seventh Avenue, Miami, Florida 33135, Attention: Corporate Trust Office (or at such other address as may be furnished in writing to the undersigned by the Trustee); and, if the undersigned fails for any reason whatsoever to pay to the Trustee any Payments, it will pay to the Trustee, on the respective dates and times set forth in the Lease on which the Payments are specified to be due thereunder, sums equivalent to the Payments which the undersigned shall not theretofore have paid to the Trustee; it being hereby agreed that the undersigned's obligation to pay all the aforesaid Payments or sums equivalent to the Payments is absolute and unconditional;

(2) the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Trustee were named therein as the Lessor;

(3) the Payments or sums equivalent to the Payments due hereunder shall not be subject to any right of setoff or counterclaim or other defense which the undersigned might have against the Lessor or otherwise, and the payment thereof to the Trustee shall be final and shall not be subject to, and the undersigned hereby agrees to indemnify the Trustee against, any liens, charges or claims of any nature

whatsoever (other than liens, charges or claims created or incurred by the Trustee not arising out of the transactions contemplated by the Equipment Trust Agreement, the Lease or the Assignment) resulting from a breach by the undersigned of its obligations under the Lease, prior to or pari passu with the right of the Trustee to apply such Payments or sums equivalent thereto, as provided in the Assignment;

(4) the Trustee shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise (except as hereinafter provided);

(5) the Lease shall not, without the prior written consent of the Trustee, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease, the Assignment or this Consent and Agreement or of any of the rights created by any thereof; and

(6) it will (i) execute, deliver and/or furnish all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Purchase Agreement (as defined in the Equipment Trust Agreement), the Assignment and/or the Equipment Trust Agreement and (ii) do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of any thereof.

In consideration of the premises, the Lessee's covenants aforementioned and other good and valuable consideration, the Trustee agrees to pay to the Lessee in accordance with Section 8.04 of the Equipment Trust Agreement such amounts, if any, as are therein specified to be paid to the Lessee, provided that the Lessor is not in default under the Equipment Trust Agreement and the Lessee is not in default under the Lease.

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the Province of Quebec, Canada, and, for all purposes, shall be construed in accordance with the laws of said Province.

Dated as of October 15, 1973

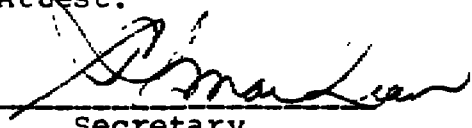
[CORPORATE SEAL]

CANADIAN PACIFIC LIMITED,

by


Vice President of
the Company

Attest:


Secretary
ASSISTANT

Accepted:

INTER NATIONAL BANK OF MIAMI,
as Trustee,

by

Authorized Officer

PROVINCE OF QUEBEC

SS.:

CITY OF MONTREAL

On this *9th* day of *November*, 1973, before me personally appeared *Keith Campbell*, to me personally known, who, being by me duly sworn, says that he is Vice President of the Company of CANADIAN PACIFIC LIMITED, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

André Gauthier
~~Commissioner for Oaths~~
Notary Public

[SEAL]

LEASE

between

BORG WARNER EQUITIES CORPORATION

and

CANADIAN PACIFIC LIMITED

Dated as of October 15, 1973

LEASE dated as of October 15, 1973, between BORG WARNER EQUITIES CORPORATION (hereinafter called the Lessor) and CANADIAN PACIFIC LIMITED, a corporation duly incorporated under the laws of Canada (hereinafter called the Lessee).

WHEREAS the Lessor and the Lessee have entered into Manufacturing Agreements dated as of October 15, 1973 (hereinafter collectively called the Manufacturing Agreements), with Marine Industries Limited (hereinafter called Manufacturing Agreement No. 1) and Bethlehem Steel Corporation (hereinafter called Manufacturing Agreement No. 2) (hereinafter collectively called the Manufacturers) wherein the Manufacturer has agreed to construct, sell and deliver the units of railroad equipment (hereinafter called the Units) described in Schedule I hereto; and

WHEREAS the Lessor has entered into an Equipment Trust Agreement dated as of October 15, 1973 (hereinafter called the Equipment Trust Agreement), with Inter National Bank of Miami, as Trustee (hereinafter called the Trustee), under which the Lessor has agreed to cause each Manufacturer to sell, assign and transfer to the Trustee all such Units and under which such title will be reserved to the Trustee until the Lessor fulfills its obligations under the Equipment Trust Agreement; and

WHEREAS, the Lessee desires to lease from the Lessor such Units as are delivered and accepted and settled for prior to April 15, 1974, under the Manufacturing Agreements at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject and subordinate to all the rights and remedies of the Trustee under the Equipment Trust Agreement.

Section 1. Delivery and Acceptance of Units. The Lessor will cause each Unit accepted pursuant to the applicable Manufacturing Agreement to be tendered to the Lessee at such point or points as may be mutually acceptable to the Lessor and the Lessee. Immediately upon such tender, the Lessee will cause its authorized inspectors or representatives to inspect the same, and if it is found to be in good operating order and repair, to accept delivery thereof and to execute and deliver to the Lessor a certificate of acceptance (hereinafter called a Certificate of Acceptance) certifying as to the acceptance of each Unit hereunder and as to the other matters set forth in Section 3.04(a) and (b) of the Equipment Trust Agreement and as to the actual date of acceptance of delivery by the Lessee; whereupon

such Equipment shall be deemed to have been delivered to and accepted by the Lessee under this Lease and shall be subject thereafter to all the terms and conditions of this Lease and such Certificate of Acceptance shall be absolutely binding upon the Lessee. Any Unit or Units excluded from the Equipment Trust Agreement pursuant to Section 3.01 thereof shall likewise be excluded from this Lease.

Section 2. Rentals. Subject to subdivision (E) of Section 14 of this Lease, the Lessee agrees to pay to the Lessor in such coin or currency of the United States of America as, at the time payable, shall be legal tender for the payment of public and private debts, as rental for each Unit subject to this Lease, one interim rental payment on the Business Day next preceding April 15, 1974 and 40 consecutive semiannual payments payable in arrears on April 15 and October 15 of each year, commencing October 15, 1974. The interim rental payment shall be an amount for each Unit subject to this Lease equal to .025% of the Cost (as such term is defined in the Equipment Trust Agreement) of such Unit for each day elapsed from and including the date such Unit is settled for under the Equipment Trust Agreement and the applicable Manufacturing Agreement to April 15, 1974; the next 30 semiannual payments shall each be in the amount equal to 4.35000% of the Cost of each Unit subject to this Lease delivered on or prior to December 31, 1973 and 4.56000% of the Cost for each Unit subject to this Lease delivered and accepted after December 31, 1973, but prior to April 15, 1974; and the final 10 semiannual payments shall each be in the amount equal to 2.50000% of the Cost of each Unit subject to this Lease delivered and accepted on or prior to December 31, 1973 and 2.60000% of the Cost of each Unit subject to this Lease delivered after December 31, 1973, but prior to April 15, 1974.

All rental and other payments provided for in this Lease to be made to the Lessor shall be made to the Lessor by the deposit of the funds to the account of the Lessor at the branch of such bank or trust company as shall be from time to time specified in writing by the Lessor.

If the date fixed for the payment of any rental shall be other than a Business Day (as defined in the Equipment Trust Agreement), such payment shall be due and payable on the next preceding Business Day.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Trustee or either or both of the Manufacturers; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the

respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatever cause, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease, the breach by the Lessor of any representation, warranty or covenant of the Lessor contained in the second paragraph of Section 8 hereof, or by reason of any failure by the Lessor to perform any of its obligations herein contained, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. The Lessee shall have a right of action against the Lessor for any such breach of such representations and warranties or any such failure to perform such obligations, but without any right of set-off of such rents and other amounts payable by the Lessee hereunder.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin upon acceptance thereof by the Lessee pursuant to Section 1 hereof, and, subject to the provisions of Sections 6, 7, 17 and 19 hereof, shall terminate on the date on which the final semiannual payment of rent in respect thereof is due hereunder.

Notwithstanding anything to the contrary contained herein, all rights of Lessee under this Lease and in and to the Units, are subordinate, junior in rank and subject to the rights of the Trustee under the Equipment Trust Agreement.

The Lessee shall have the right to terminate this Lease at any time on or after the 15th day of April, 1989, upon giving not less than 90 days prior written notice to the Lessor, and the termination shall be effective on the rental payment date next following expiration of such notice period ("The Termination Date"), provided that Lessee shall be liable for rentals to and including but not after the "Termination Date", and provided that no Event of Default shall have occurred and be continuing. During the period from the giving of such notice until the Termination Date, Lessor may, and Lessee (as agent for Lessor) shall use its best efforts to, obtain bids for the purchase of the Units. (The parties agree that Lessee shall not be allowed to bid.) Lessee shall certify to Lessor in writing the amount of each bid received by Lessee and the name and address of the party submitting such bid. Lessor, on the Termination Date, shall sell

such Units, without recourse or warranty, against receipt in cash of the full amount of the purchase price, to the bidder submitting the highest bid and shall transfer to such purchaser all of Lessor's right, title and interest in and to such Units and thereupon Lessee shall deliver such Units to Lessor in accordance with the terms of Section 12 hereof. Lessor shall certify in writing to Lessee (i) the amount of such total sale price, (ii) the expenses incurred by Lessor in connection with such sale and (iii) that such total sale price represents the highest bid received by Lessor for the purchase of such Units. The total sale price realized at such sale shall be retained by Lessor and, in addition, on the Termination Date, Lessee shall pay to Lessor the amount, if any, by which the Termination Amount and an amount equal to the accrued rental for all Units then subject to this Lease to the date of such payment exceeds the proceeds of such sale less all reasonable expenses incurred by Lessor in selling such Units, whereupon the obligation of Lessee to pay the rental accruing hereunder with respect to such Units due and payable after the Termination Date shall cease and, upon payment of such rental, the term of this Lease shall terminate. In the event no such sale takes place, Lessee shall pay to Lessor the Termination Amount and an amount equal to the accrued rental for all Units then subject to this Lease to the date of such payment, whereupon the rental for such Units shall cease to accrue as of the date of such payment, the term of this Lease shall terminate and Lessor shall transfer to Lessee all of Lessor's right, title and interest in and to such Units.

Notwithstanding the foregoing, Lessor may elect not to sell such Units to the highest bidder or the Lessee on the Termination Date and Lessee shall deliver such Units to the Lessor in accordance with the terms of Section 12 hereof. Thereafter, Lessee shall be relieved of all obligation to pay the Termination Amount and, upon payment on the Termination Date of the accrued rental for all Units then subject to this Lease to the date of such payment, the rental for such Units shall cease to accrue as of the date of such payment and the term of this Lease shall terminate.

The Termination Amount of any Unit as of any rental payment date shall be that percentage of the Cost of such Unit as is set forth in the following schedule opposite the number of such rental payment dates (the number 30 being the rental payment due on April 15, 1989):

Rental Payment
Date No.

Percentage

30	.....	26.1466
31	.....	25.2171
32	.....	22.6936
33	.....	21.5767
34	.....	19.6521
35	.....	18.3230
36	.....	16.2834
37	.....	14.7332
38	.....	12.5911
39	.....	10.8038
40	.....	0.0000

Section 4. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number as set forth in Schedule I hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than an inch in height, the following words: "OWNED BY A CORPORATION, BANK OR TRUST COMPANY SUBJECT TO AN EQUIPMENT TRUST AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20C", or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the interest of the Lessor and the Trustee in and to such Unit and the rights of the Lessor under this Lease and the Equipment Trust Agreement and of the Trustee under the Equipment Trust Agreement. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change or permit the identifying number of any Unit to be changed except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Trustee and the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

Except as above provided the Lessee will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names, initials or other insignia customarily used by the Lessee or any permitted sublessee on railroad equipment used by it of the same or similar type for convenience of identification of their right to use the Units.

Section 5. Taxes. Subject to subdivision (E) of Section 14 hereof, all payments to be made by the Lessee hereunder will be free of expense to the Lessor and the Trustee for collection or

other charges and will be free of expense to the Lessor and the Trustee with respect to the amount of any local, state, provincial or federal United States, or Canadian taxes (other than any income taxes payable by the Lessor or any holder of any Trust Certificate or Trust Certificates as defined in the Equipment Trust Agreement in consequence of the receipt of payments provided herein and the aggregate of all franchise taxes measured by net income based on such receipts imposed by (A) any jurisdiction wherein the Lessor or such holder is incorporated or maintains its principal place of business or (B) federal United States or Canadian tax authorities to the extent that the Lessor or such holder receives credit for such Canadian taxes against its United States income tax liability except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license fees (and any charges, fines or penalties of any kind in connection therewith) (hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by this Lease, the Equipment Trust Agreement or any of the instruments or agreements referred to herein or therein or contemplated hereby or thereby, or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, the Equipment Trust Agreement or any such instruments or agreements, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its interest therein or upon the Trustee solely by reason of its title thereto and any and all impositions upon or on account of the trust created by the Equipment Trust Agreement or upon or on account of the Equipment Trust Agreement, or the transactions contemplated thereby (whether or not such transactions shall actually be consummated) or the instruments or agreements referred to therein or contemplated thereby, and will keep at all times all and every part of such Unit free and clear of all such impositions which might in any way affect the interests of the Lessor or the Trustee or result in a claim, lien, security interest or other encumbrance upon any such Unit and will supply the Lessor and the Trustee with a receipt or other evidence of such payment satisfactory to the Lessor and the Trustee; provided, however, that the Lessee shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor or the Trustee, adversely affect the property or rights of the Lessor or the Trustee hereunder or under the Equipment Trust Agreement and the Lessee shall have furnished the Trustee with an opinion (in form and substance satisfactory to the Trustee) of counsel (approved by the Trustee) to such effect. If any such impositions shall have been charged or levied against the Lessor

or the Trustee directly and paid by the Lessor, the Trustee, or such holder, the Lessee shall reimburse the Lessor or the Trustee, as the case may be, on presentation of an invoice therefor; provided, however, that the Lessee shall not be obliged to reimburse the Lessor or the Trustee for any such imposition so paid unless (a) prior to such payment, the Lessor or the Trustee shall have obtained the opinion of either of their respective counsel that either the Lessor, the Trustee was liable to pay such imposition, or (b) unless the Lessee shall have approved the payment thereof.

In the event any reports with respect to impositions are required to be made on the basis of individual Units the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Trustee in such Units, if such is necessary or appropriate, or will notify the Lessor and the Trustee of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor and the Trustee.

Notwithstanding any provision herein to the contrary, Lessee agrees to pay, and to indemnify and hold harmless, Lessor, the Trustee and each holder from time to time of a Trust Certificate or Trust Certificates harmless from, any and all taxes, including interest equalization taxes (together with any penalties, fines or interest thereon and any other costs and expenses incurred in contesting any of the foregoing or otherwise in connection therewith, including, without limitation, legal fees and disbursements) imposed against Lessor, the Trustee, or any holder from time to time of a Trust Certificate or Trust Certificates by the United States or Canada or any taxing authority thereof or therein in connection with the issuance, purchase, sale or acquisition of the Trust Certificates upon original issuance, the purchase, ownership, delivery, lease, assignment, pledge, possession, use, operation, return or other disposition of the Units, this Lease or the Equipment Trust Agreement or any transaction contemplated hereby or thereby.

All the obligations of the Lessee under this Section 5 and under Section 14 hereof shall survive the expiration or earlier termination of this Lease and are expressly made for the benefit of, and shall be enforceable against the Lessee and its successors by, the Lessor, the Trustee and each holder from time to time of a Trust Certificate or Trust Certificates.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the termination of this Lease, until all such impositions are paid or reimbursed by the Lessee.

Section 6. Payment for Casualty Occurrences. In the event that any Unit shall be or become lost, stolen, destroyed or

damaged or worn out beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a Casualty Occurrence) during the term of this Lease or until such Unit shall have been returned to the Lessor in the manner provided in Section 12 hereof, the Lessee shall, within 30 days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Trustee with respect thereto. On the Business Day immediately prior to the rental payment date next succeeding such notice (or, at the option of the Lessee, in the event such rental payment date shall occur within 15 days after such notice, on the Business Day immediately prior to the succeeding rental payment date) the Lessee shall pay to the Lessor an amount equal to the Casualty Value (as hereinafter defined) of such Unit as of such rental payment date in accordance with the schedule in the next succeeding paragraph. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment and the term of this Lease as to such Unit shall terminate. The Lessor and the Trustee shall, upon request of the Lessee, after payment by the Lessee of a sum equal to the Casualty Value of any such Unit, execute and deliver to or upon the order of the Lessee a bill of sale (without warranties except the warranty of title as set forth in this sentence) for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor and the Trustee derived from the applicable Manufacturer free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Trustee.

The Casualty Value of each Unit as of any rental payment date shall be determined by multiplying the Cost (as defined in the Equipment Trust Agreement) of such Unit by the applicable percentage set forth opposite each rental payment date in the applicable column in the following schedule:

CASUALTY SCHEDULE
FOR UNITS DELIVERED IN 1973

<u>Rental Payment</u>	<u>Loss Value</u>
1	90.0251
2	90.0503
3	90.1795
4	89.3875
5	89.2724
6	87.8317
7	87.4227
8	85.3843
9	84.6761
10	82.1833
11	81.3090
12	78.5056
13	77.4676
14	74.3954
15	73.1753
16	69.8762
17	68.4561
18	64.9716
19	63.3343
20	59.7058
21	57.8345
22	54.1032
23	51.9815
24	48.1883
25	45.8087
26	42.0420
27	39.5752
28	35.9912
29	33.4857
30	30.1061
31	29.4519
32	27.1979
33	26.3807
34	24.7461
35	23.7417
36	22.0142
37	20.8161
38	19.0110
39	17.6051
40	15.0000

Thereafter, the lesser of 15.000% of the Cost or the Fair Market Value thereof immediately prior to the Casualty Occurrence, such Fair Market Value to be calculated in the manner provided in Section 19 hereof.

CASUALTY SCHEDULE
FOR UNITS DELIVERED IN 1974

<u>Rental Payment</u>	<u>Loss Value</u>
1	104.2645
2	91.5075
3	91.7517
4	91.3333
5	91.2832
6	90.2837
7	90.0135
8	88.4156
9	87.8901
10	85.7433
11	84.9510
12	82.3204
13	81.2564
14	78.2201
15	76.9258
16	73.6152
17	72.1180
18	68.5780
19	66.8588
20	63.1308
21	61.1710
22	57.2962
23	55.0779
24	51.0982
25	48.6616
26	44.7217
27	42.1474
28	38.3314
29	35.6508
30	31.9848
31	31.1781
32	28.6598
33	27.6815
34	25.8420
35	24.6777
36	22.7614
37	21.4054
38	19.4262
39	17.8669
40	15.0000

Thereafter, the lesser of 15.000% of the Cost or the Fair Market Value thereof immediately prior to the Casualty Occurrence, such Fair Market Value to be calculated in the manner provided in Section 19 hereof.

The foregoing percentages have been computed without regard to recapture of Investment Tax Credit. Consequently the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth and seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Purchase Price set forth below.

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
Third	14.0224%
Fifth	9.3483%
Seventh	4.6741%

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

Section 7. Insurance; Annual Reports. The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained insurance (which may consist of self insurance) in respect of the Units at the time subject hereto, and public liability insurance (which may consist of self insurance), in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Lessee on equipment owned by it and the benefits thereof shall be payable to the Lessor, the Trustee and the Lessee as their interest may appear and will furnish appropriate evidence of such insurance coverage upon the reasonable request of the Lessor. Any damages receivable from others, any salvage value recovered or paid by the Lessee, any condemnation payments and any net insurance proceeds received by the Lessor in respect of Units suffering a Casualty Occurrence (all hereinafter collectively referred to as Recoveries) shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to Section 6 and the excess of such Recoveries, if any, shall belong to the Lessor. If the Lessor shall receive any such Recoveries after the Lessee shall have made payments pursuant to Section 6 without deduction for such Recoveries, the Lessor shall pay such Recoveries to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such Recoveries shall remain the property of the Lessor.

All proceeds of insurance received by the Lessor in respect of insurance carried on any Unit or Units not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

On or before April 1 in each year, commencing with the year 1975, the Lessee will furnish to the Lessor and the Trustee, and the Purchaser (as defined in the Equipment Trust) so long as it will remain a holder of any Trust Certificate, in such number of counterparts or copies as may reasonably be requested an accurate statement signed by an authorized representative, (i) showing, as of the preceding December 31, the amount, description and numbers of all Units then leased hereunder and the amount, description and numbers of all Units that may have suffered a Casualty Occurrence, whether by accident or otherwise, during the preceding calendar year (or since the date of this Lease in the case of the first such statement), and such other information regarding the condition and state of repair of the Units as the Lessor or the Trustee may reasonably request, (ii) identifying the Units then subject to this Lease and (iii) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the markings required by Section 4 hereof and Section 4.06 of the Equipment Trust Agreement have been preserved or replaced. The Lessor shall have the right, by its agents, but shall be under no obligation, to inspect the Units and the records of the Lessee with respect thereto at any reasonable time during continuance of this Lease.

The Lessee agrees that it will furnish to the Lessor and to each holder of a Trust Certificate or Trust Certificates, in duplicate, (i) as soon as available, and in any event within 120 days after the close of each fiscal year of the Lessee, the annual report of the Lessee, including a balance sheet, income statement and statement of retained income of the Lessee for the preceding fiscal year, all in reasonable detail and certified by an independent public accountant, and (ii) such additional information as the Lessor or any such holder may reasonably request concerning the Lessee in order to enable said party to determine whether the covenants, terms and provisions of this Lease have been complied with by the Lessee.

Section 8. Disclaimer of Warranties; Compliance With Laws and Rules; Maintenance; Indemnification. Lessee has selected the Manufacturers and determined the design and specifications of the Units. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, OR AS TO THE SUITABILITY, ADEQUACY, OPERATION, USE OR PERFORMANCE OF, THE UNITS DELIVERED

TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee as their interests may appear, whatever claims and rights the Lessor may have against the Manufacturers or the manufacturers of the components thereof. Lessor shall have no responsibility or liability under this Lease to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipatory profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee, the Lessor and the Trustee, that all Units described in a Certificate of Acceptance are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Trustee based on any of the foregoing matters.

The Lessor represents, warrants and covenants as follows:

(i) At the time of delivery of each Unit under this Lease, the Lessor shall have such title to such Unit as is derived from the applicable Manufacturer and the Trustee, unimpaired by any act or omission of the Lessor or the Trustee which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens, security interests and encumbrances, except those created or arising under the Equipment Trust Agreement, which may result from claims against the Lessor or the Trustee not arising out of the lease or ownership thereof which will prevent the performance of this Lease in accordance with its terms; and

(ii) So long as the Lessee shall not be in default under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease.

The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease, the Equipment Trust Agreement and the Assignment.

The Lessor covenants and agrees not to alter, amend or modify the Equipment Trust Agreement or the Assignment of Lease and Agreement, pursuant to which this Lease is assigned to the Trustee, without the prior written consent of the Lessee.

The Lessee agrees, for the benefit of the Lessor and the Trustee, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of any legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operations or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and the Trustee and agrees to hold the Lessor and the Trustee harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessor or the Lessee, or their employees, or any other person. In the event that such laws or rules require the alteration of the Units or in case any equipment or appliance on any such Unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees, at its own expense, to make such alterations, changes, additions and replacements and to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as such Unit is subject to this Lease; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Trustee, adversely affect the property or rights of the Lessor or the Trustee hereunder or under the Equipment Trust Agreement.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair, reasonable wear and tear excepted.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit (except such additions or parts as are not included in the Cost of the Units and as can be removed without damage to and without impairing the originally intended function or use of such Unit and without cost or expense to the Lessor or the Trustee) and there shall be immediately vested in

the Lessor and the Trustee the same interest in such accessions, parts or replacements as the interests of the Lessor and the Trustee in such Unit. The Lessee may make alterations or modifications in any Unit so long as it does not affect the value of such Unit adversely.

The Lessee agrees to indemnify and save harmless the Lessor and the Trustee against any charge or claim made against the Lessor or the Trustee and against any expense, loss or liability (including, but not limited to, strict liability imposed by statute or rule of law, counsel fees and expenses, patent liabilities, penalties and interest, but excluding any liability under Section 14 hereof) which the Lessor or the Trustee may incur in any manner by reason of the ownership or leasing of, or which may arise in any manner out of or as the result of the ordering, acquisition, purchase, use, operation, condition, delivery, rejection, storage or return of, any Unit while subject to this Lease or until no longer in the possession of or stored by the Lessee, whichever is later, or for any other cause whatsoever, and to indemnify and save harmless the Lessor and the Trustee against any charge, claim, expense, loss or liability (including but not limited to strict liability imposed by statute or rule of law and counsel fees and expenses) on account of any accident in connection with the delivery, operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor or the Trustee under this paragraph for direct negligence on the part of the Lessor or the Trustee (but not on the part of any agent of the Lessor or the Trustee), provided, further, however, that the Lessor and the Trustee will not be deemed negligent as a result of any act or omission of the designer or Manufacturer of any Unit or as a result of any act or omission of the Lessee. The indemnities arising under this paragraph shall survive payment of all other obligations under this Lease or the termination of this Lease.

The Lessee agrees to prepare and deliver to the Lessor and the Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor and the Trustee) any and all reports known by the Lessee to be required to be filed by the Lessor or the Trustee, or requested by the Lessor or the Trustee to be filed, with any federal, state or other regulatory authority by reason of the interest of the Trustee and the Lessor in the Units or the leasing of the Units to the Lessee.

Section 9. Default. If, during the continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

A. default shall be made in the payment of any part of the rental provided in Section 2 or the payments provided in paragraph B of Section 14 or Section 18 hereof and such default shall continue for five days; or

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, enter into any amendment, modification or termination of the Lease without the prior written consent of the Trustee, or any unauthorized sublease or use of the Units or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Consent (as hereinafter defined) and such default shall continue for 25 days after written notice to the Lessee specifying the default and demanding that the same be remedied; or

D. any proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganization, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all right of the Lessee to the use of the Units shall absolutely cease and determine as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its

agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have the right to recover from the Lessee any and all amounts which under the terms of this Lease may then be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as liquidated damages for loss of the bargain and not as a penalty, a sum with respect to each Unit which represents the excess of (x) the present value at the time of such termination of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (y) the then present value of the net rentals which the Lessor reasonably estimates to be obtainable for the lease of the Unit during such period, such present value to be computed in each case on a basis of 9% per annum discount compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental; (iii) an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States or Canada or any political subdivision thereof, shall be equal to any portion of the percentage of investment credit (hereinafter called the "Investment Credit"), allowed by Section 38 and related sections of the Internal Revenue Code of 1954, as amended (hereinafter called the Code), which was lost, not claimed, not available for claim, disallowed or recaptured by or from the Lessor as a result of the breach of one or more of the representations, warranties and covenants made by the Lessee in Section 14 hereof or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessor's loss of the right to use such Unit, any action or inaction by the Lessee or the sale or other disposition of the Lessor's interest in any such Unit after the occurrence of an Event of Default and (iv) after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States or Canada or any political subdivision thereof, such sum as, in the reasonable

opinion of the Lessor, will cause the Lessor's net return under this Lease to be equal to the net return that would have been available to the Lessor if it had been entitled to utilization of all or such portion of the maximum depreciation deduction authorized with respect to a Unit under Section 167 and related sections of the Code utilizing a twelve-year depreciable life taking into account an estimated Gross Salvage Value of 10% of the Cost reduced by 10% as provided in Section 167(f) of the Code and employing the double declining balance method of depreciation switching to the sum of the years digits method on January 1, 1975 (such depreciation deduction being hereinafter called the Depreciation Deduction), and the deduction in each taxable year of the Lessor for all interest paid during such year on the Trust Certificates compiled in accordance with Section 163 of the Code (hereinafter called the Interest Deduction) which was lost, not claimed, not available for claim, disallowed or recaptured by or from the Lessor as a result of a breach of one or more of the representations, warranties and covenants made by the Lessee in Section 14 or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Lessor by the Lessee, the termination of this Lease, the Lessor's loss of the right to use any Unit or any action or inaction by the Lessee or the sale or other disposition of the Lessor's interest in any Unit after the occurrence of an Event of Default. Notwithstanding anything to the contrary contained in this clause (b), it is understood and agreed that the Lessee shall receive a credit in respect of the amount payable or paid pursuant to subclause (i) of this clause (b) equal to any net proceeds received by the Lessor upon the sale or the re-leasing of the Units to the extent that such net proceeds as actually received exceed the amount payable or paid pursuant to the said subclause (i).

Anything in this Section 9 to the contrary notwithstanding, any default in the observance or performance of any covenant, condition or agreement on the part of the Lessee which results solely in the loss by the Lessor of, or the loss by the Lessor of the right to claim, or the disallowance with respect to the Lessor of, all or any portion of the above-mentioned deductions, credits or other benefits, shall be, for all purposes of this Lease, deemed to be cured if the Lessee shall, on or before the next rental payment date after written notice from the Lessor of the loss, or the loss of the right to claim, or the disallowance of such deductions, credits or other benefits in respect of such Unit, agree to pay to the Lessor the revised rental rate in respect of such Units determined as provided in the third paragraph of Section 14 of this Lease.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive but shall be cumulative, and shall

be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

Section 10. Return of Units Upon Default. If the Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit returned to the Lessor pursuant to this Section 10 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any addition to, parts installed on or replacement of such Units considered an accession thereto under Section 8 hereof, and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

A. forthwith place such Units upon such storage tracks of the Lessee as the Lessor may reasonably designate,

B. permit the Lessor to store such Units on such tracks at the risk of the Lessee until all such Units have been sold, leased or otherwise disposed of by the Lessor, and

C. transport the same to any place on the tracks of the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to cause the assembly, delivery, storage and transportation of the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of

any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith the Lessee will supply the Lessor with such documents as the Lessor may reasonably request.

Section 11. Assignment; Possession and Use. This Lease and the rentals and other sums due hereunder shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder shall inure to the benefit of Lessor's assigns as if named herein as Lessor and to the holders of the Trust Certificates.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them (except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of the Lessee may subject the Lessee's leasehold interest to the lien thereof). In addition, the Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor or the Trustee not related to the ownership of the Units or to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of the Lessee may subject the Lessee's leasehold interest to the lien thereof) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interests of the Lessor, the Trustee or Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph hereof.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Units and to the use thereof by it or by any affiliated or subsidiary corporation upon its or their lines of railroad or upon lines of railroad over which the Lessee or such other corporation has trackage or other operating rights or over which railroad equipment of the Lessee or any such other corporation is regularly operated pursuant to contract, and also to permit the use of the Units upon other railroads in the usual interchange of traffic (if such interchange is customary at the time), but only upon and subject to all the terms and conditions of this Lease and the Equipment Trust Agreement.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee (i) to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of Canada (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become amalgamated, merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety; or (ii) to sublease any Unit to any subsidiary or affiliated corporations of the Lessee; provided, however, that the rights of such sublessee are made expressly subordinate to the rights and remedies of the Trustee under the Equipment Trust Agreement and the Lessor under this Lease.

The Lessor shall have the right to declare this Lease terminated in case of any unauthorized assignment or transfer of the Lessee's rights hereunder or in case of any unauthorized transfer or sublease of any of the Units.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (other than the lien of the Equipment Trust Agreement or any encumbrance resulting from claims against the Lessor not related to the ownership or leasing of the Unit) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor, or the Lessee therein. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of this Section 11.

Section 12. Return of Units Upon Termination. As soon as practicable on or after the termination of this Lease as to any or all of the Units, the Lessee will (unless the Units shall have suffered a Casualty Occurrence), at its own cost and expense, at the request of the Lessor, assemble such Units and deliver possession of such Units to the Lessor upon such storage tracks of the Lessee as the Lessor may reasonably designate and permit

the Lessor to store such Units on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee; the movement and storage of the Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. If any Unit shall have suffered a Casualty Occurrence, the Lessee shall thereupon assume and hold the Lessor harmless from all liability arising in respect of any responsibility of ownership thereof. Each Unit returned to Lessor pursuant to this Section (other than a Unit which has suffered a Casualty Occurrence) shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted and (ii) meet the standards then in effect under the interchange rules of the Association of American Railroads and the United States Federal Railroad Administration if applicable and the Canadian Transport Commission.

Section 13. Opinion of Counsel for the Lessee. On each Closing Date as defined in each Manufacturing Agreement for Units subject to this Lease, the Lessee will deliver to the Lessor and the Trustee the written opinion of counsel for the Lessee, in such number of counterparts as may reasonably be requested, and addressed to the Lessor and the Trustee, in scope and substance satisfactory to them and their counsel, to the effect that:

A. the Lessee is a corporation legally incorporated and validly existing in good standing under the laws of Canada, with full corporate power to enter into this Lease and the consent and agreement executed by the Lessee (herein called the Consent) to the assignment of this Lease to the Trustee as of the date hereof (herein called the Assignment);

B. this Lease and the Consent have been duly authorized, executed and delivered by the Lessee and constitute legal, valid and binding obligations of the

Lessee, enforceable in accordance with their respective terms;

C. upon deposit of the Equipment Trust Agreement, this Lease and the Assignment (including the Consent) in the office of the Registrar General of Canada and publication of notice of such deposit in the Canada Gazette in accordance with Section 86 of the Railway Act of Canada, no further act, filing, recording or deposit (or giving of notice) is required in order fully to protect in Canada or any Province or Territory thereof the rights of the Lessor under this Lease against any and all subsequent purchasers or mortgagees from the Lessee and/or from creditors of the Lessee;

D. no approval is required from any public regulatory body with respect to the entering into or performance of this Lease or the Consent, or all such approvals (which shall be specifically described) have been obtained; and

E. the entering into and performance of this Lease and the Consent will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound or contravene any provision of law, statute, rule or regulation to which the Lessee is subject or any judgment, decree, franchise, order or permit applicable to the Lessee.

The Lessee also agrees to furnish to the Lessor and the Trustee a copy, certified by the Secretary or an Assistant Secretary of the Lessee, of resolutions of the Board of Directors of the Lessee authorizing the Lessee to enter into this Lease and the Consent.

The Lessor agrees to furnish to the Lessee signed copies, addressed to the Lessee, of the opinion of counsel referred to in Paragraph 5(b) of the Purchase Agreement, which opinion shall in addition state that the Lessor is a corporation duly organized, validly existing and in good standing, under the laws of Delaware with full corporate power to enter into this Lease, each Manufacturing Agreement, the Equipment Trust Agreement and the Assignment, and of the opinion of counsel for each Manufacturer referred to in paragraph 3.04 (e) of the Equipment Trust Agreement.

Section 14. Indemnity in Respect of Tax Matters. A. The Lessor shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof, to an owner of property including (without limitation), an allowance for the Depreciation Deduction (as defined in Section 9 of this Lease), the Investment Credit

(as defined in Section 9 of this Lease) and the Interest Deduction (as defined in Section 9 of this Lease).

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any return or other documents inconsistent with the foregoing and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof.

If Lessor shall lose or shall not have or shall lose the right to claim, or if there shall be disallowed, or recaptured with respect to Lessor, all or any portion of the Investment Credit, Interest Deduction or Depreciation Deduction as are provided to an owner of property with respect to a Unit for any period prior to (i) the termination of this Lease and (ii) full compliance by Lessee with all of its obligations hereunder as the direct or indirect result of the following events:

(i) a "Determination" as defined in Section 1313(a) of the Code (hereinafter referred to as a "Determination") of additional tax liability resulting from the conclusion of the Internal Revenue Service that (A) any representation, fact, estimate, opinion or other statement which is contained in a certificate furnished to Lessor by Lessee, or any affiliated company or any officer, employee, agent or attorney thereof, which is contained in the Request for Rulings (as hereinafter defined) is fraudulent, untrue, incorrect, inaccurate, misleading, unreasonable or insufficient in whole or in part (including any omission of a material fact which causes such representation, fact, estimate, opinion or other statement to be misleading or insufficient in whole or in part); (B) any representation, fact, estimate, opinion or other statement made or stated in writing by Lessee, or any affiliated company or any officer, employee, agent or attorney thereof, in connection with the obtaining of the rulings requested in such Request for Rulings is fraudulent, untrue, incorrect, inaccurate, misleading, unreasonable or insufficient in whole or in part (including any omission of a material fact which causes such representation, fact, estimate, opinion or other statement to be misleading, or insufficient in whole or in part); or (C) Lessee, or any affiliated company or any officer, employee, agent or attorney thereof, has taken or failed to take any action whatsoever (including, without limitation, any action in respect of Lessee's or such affiliate's income tax returns) which action or non-action is inconsistent with or in contravention of any of the matters set forth in such Request for Rulings or set forth in the ruling issued pursuant thereto or in any closing agreement entered into in connection with such rulings; or

(ii) the representations contained in this Section 14 being untrue;

then, in such event, subject to the provisions of subdivision E of Section 14 of this Lease, Lessee shall pay to Lessor (x) as additional rent an amount which, after deduction of any taxes required to be paid by Lessor in respect of the receipt thereof under the laws of any Federal, state, or local government or taxing authority of the United States, shall be equal to the additional Federal, state or local income taxes payable by Lessor in consequence of the event and (y) the amount of any interest (including any additions to tax as a result of the underpayment of estimated tax) and penalty which may be assessed by any Federal, state or local taxing authority against Lessor in consequence of the event, which amounts shall be payable on written demand made by Lessor (but non-payment of such amount shall not constitute an Event of Default until 30 days after such written demand); provided, however, that in computing the amount of any such additional rent an allowance shall be made for the tax benefits attributable to the amounts by which the deduction for depreciation in later years will exceed the amounts which would have been allowable had there not been reductions in the amounts of depreciation allowed for earlier years; and an allowance shall be made for tax benefits attributable to the exclusion from the Lessor's income of revenue which would otherwise have been includable therein. In computing such allowance a discount factor of 9% per annum shall be utilized; provided, further, however, that such additional rent shall not be so paid if the Lessor shall have lost, or shall not have or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor of all or any portion of, the Investment Credit, Interest Deduction or Depreciation Deduction with respect to such Unit as a direct result of the occurrence of any of the following events:

(1) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor the amounts stipulated under Section 6 hereof;

(2) a voluntary transfer by the Lessor of title to such Unit, the disposition by the Lessor of any interest in such Unit or the reduction by the Lessor of its interest in the rentals from such Unit under the Lease (other than as contemplated herein or in the other agreements referred to herein), unless, in each case, an Event of Default shall have occurred and be continuing;

(3) the amendment of the Equipment Trust Agreement without the prior written consent of the Lessee;

(4) the failure of the Lessor to claim the Investment Credit, Interest Deduction or Depreciation Deduction in its

income tax return for the appropriate year or the failure of the Lessor to follow proper procedure in claiming the Investment Credit, Interest Deduction or Depreciation Deduction with respect to such Unit; or

(5) the failure of the Lessor to have sufficient liability for the tax against which to credit such Investment Credit or sufficient income to benefit from the Depreciation Deduction or Interest Deduction, as applicable.

The Lessor agrees that if, in the opinion of its or the Lessee's independent tax counsel (herein referred to as Counsel), a bona fide claim to all or a portion of the Investment Credit, Interest Deduction or the Depreciation Deduction on any Unit exists in respect of which the Lessee is required to pay increased rental and interest and/or penalty as aforesaid to the Lessor as above provided, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by Counsel in order to sustain such claim. The Lessor may take such action prior to making payment of the amounts claimed pursuant to a notice of disallowance or make such payment and then sue for a refund. In the latter event, if the final determination shall be adverse to the Lessor, the Lessee shall pay to the Lessor interest on the amount of the tax paid attributable to the Depreciation Deduction, Interest Deduction and/or Investment Credit disallowed, at the rate of 9% per annum, from the date of payment of such tax to the date the Lessee shall reimburse the Lessor for such tax in accordance with the provisions of this Section 14. The Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have agreed in writing to indemnify the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested.

B. Notwithstanding any provision herein to the contrary (other than subsection (E) of this Section 14), if any Canadian governmental authority, federal or provincial, shall withhold or cause to be withheld from any rental payment made under Section 2 of this Lease or any additional rental payment made in this Section 14 any amounts in respect of taxes (hereinafter called "withholding taxes"), the following provisions will apply:

(1) The Lessee will, on the rental payment date when such rental payment is made, pay to the Lessor as additional rental a sum sufficient to permit payment of an amount equivalent to the amount due without regard to any such withholding taxes.

(2) The Lessee will pay such withholding taxes and will forthwith furnish to the Lessor all tax receipts obtainable by the Lessee in connection therewith and all information and

documents necessary or appropriate to enable the Lessor to substantiate a claim for credit or deduction for U. S. federal or any other income tax purposes with respect thereto.

(3) Upon receipt by the Lessor of (i) such tax receipts and other information and documents and (ii) the benefit of any reduction in the federal or any other income tax liability as determined by the Lessor in its sole discretion, resulting from the crediting or deducting of such withholding taxes in the computation of such tax, the Lessor will forthwith reimburse the Lessee an amount so that the Lessor shall be in the same position it would have been if such withholding taxes had not been imposed. It is agreed that such determination may be revised and new demand made upon Lessee after any disallowance of such credit or deduction upon audit by the U. S. Internal Revenue Service. The obligation of the Lessor under this subparagraph C will survive the termination of this Lease.

C. The Lessee's agreement to pay any sums which may become payable pursuant to this Section 14 shall survive the expiration or other termination of this Lease.

D. The Lessee represents, warrants and covenants that (i) none of the Units constitutes property the construction, reconstruction or erection of which was begun before April 1, 1971; (ii) at the time the Lessor becomes the owner of the Units, such Units will constitute "new section 38 property" within the meaning of Section 48(b) of the Code and at the time the Lessor becomes the owner of all Units, the Units will not have been used by any person so as to preclude "the original use of such property" within the meaning of Section 48(b) and 167(c)(2) of the Code from commencing with the Lessor, (iii) at all times during the term of this Lease, each Unit will constitute "section 38 property" within the meaning of Section 48(a) of the Code, will not be used predominantly outside the United States within the meaning of said Section 48(a) (or any exception thereto) and will be used by railroad companies; and (iv) the Lessee will maintain sufficient records to verify such use and such records shall be made available to the Lessor upon the Lessor's reasonable request during the Lessee's normal business hours for purposes of inspection or copying by Lessor or Lessor's agent. For purposes of the provisions of Section 81(4) (b) of the New York State Insurance Law, the Lessee further represents, warrants and covenants that the Units will be predominantly located within the United States.

E. If at any time during the initial term or any extensions thereof any change in Canadian federal or provincial law or regulations operates to cause any rental payment under Section 2 hereof or any additional rental payment under Section 14 hereof

or any additional payment under Section 18 (or any other payment under this Lease or any authorized assignment thereof) to become subject to Canadian federal or provincial income tax, (herein called "Canadian Taxation") or if any change in Canadian federal or provincial law or regulations requires the Lessee to withhold any amounts in respect of Canadian federal or provincial income tax (which amounts are hereinafter called ("Withholding Taxes") the following provisions shall apply:

(1) The Lessee shall notify the Lessor and the Trustee in writing that, in the opinion of counsel for the Lessee (signed copy of which opinion shall be attached to such notice), such change in law or regulations operates to impose Canadian Taxation upon such rental payments or to require the Lessee to remit withholding taxes, and in such notice the Lessee shall advise the final date upon which such Canadian taxation or withholding taxes are due and payable to the appropriate government authority (herein called the "Tax Deadline"), and

(2) The Lessee, shall have an option, exercisable by notice in writing to the Lessor and the Trustee at least 90 days prior to the rental payment date next preceding the Tax Deadline, to purchase from the Lessor all the Units at that time subject to this Lease. Such purchase shall be closed on the Rental Payment Date next preceding the Tax Deadline, and the purchase price on such Rental Payment Date with respect to each unit shall be the amount set opposite such Rental Payment Date in the appropriate schedule to Section 6 or Fair Market Value, whichever is higher. Upon the purchase of said Units, the Lessor and the Trustee shall execute and deliver to Lessee or to Lessee's assign or nominee, a bill of sale for each Unit such as will transfer to the Lessee, its assign or nominee, such title to such Unit as the Lessor and the Trustee derived from the manufacturer and the Lessor and Trustee shall warrant each such unit to be free and clear of all liens, security interests, and other encumbrances arising through the Lessor or Trustee, but neither the Lessor nor the Trustee shall be required to make any representation or warranty as to the condition of the units or as to any other matter.

(3) In the event that Lessee does not exercise the option contained in clause 2 hereof, then Lessee shall continue to be subject to and held to all its obligations and rights hereunder, including but not limited to such obligations in Sections 2 and 5, clause B of Section 14 and Section 18 hereof.

Section 15. Recording; Expenses. Prior to the delivery and acceptance of any Unit, the Lessee will, at its own expense, cause the Equipment Trust Agreement, this Lease and the

Assignment (including the Consent) to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and deposited with the Registrar General of Canada (notice of such deposit to be forthwith thereafter given in the Canada Gazette) pursuant to Section 86 of the Railway Act of Canada. The Lessee will, at its own expense, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit) any and all further instruments required by law and reasonably requested by the Trustee, for the purpose of proper protection, to the satisfaction of the Trustee, of the Lessor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Assignment, the Consent and the Equipment Trust Agreement. The Lessor will promptly furnish to the Trustee evidence of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or re-depositing and an opinion or opinions of counsel with respect thereto satisfactory to the Lessor and the Trustee.

The Lessor will pay the reasonable costs and expenses involved in the preparation and printing of this Lease and the fees and disbursements of any counsel which it may retain, unless such costs, expenses, fees and disbursements are paid by some other person. The Lessee will bear the fees and disbursements of any counsel which it may retain.

Section 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 10% per annum of the overdue rentals for the period during which they are overdue.

Section 17. Termination. In the event that all of the Units shall have been excluded from this Lease as provided in Section 1 hereof, this Lease shall terminate and, except as otherwise expressly provided in this Lease, the rights and obligations hereunder of the parties hereto shall cease and determine as if this Lease had never been made.

Section 18. Additional Payments by Lessee. In addition to the rentals specified in Section 2 hereof and subject to the provisions of subdivision E of Section 14 of the Lease:

(a) The Lessee agrees to pay to the Lessor on the Business Day next preceding the Cut-Off Date (as defined in the Equipment Trust Agreement), an amount equal to the rental payment payable by the Lessor to the Trustee on the Cut-Off Date under Section 4.04(3) (a) and (c) of the Equipment Trust Agreement in respect of interest payable on the Equipment Trust Certificates issued under the Equipment Trust Agreement.

(b) The Lessee agrees to pay to the Lessor on the Business Day next preceding April 15, 1974, an amount equal to (x) the rental payment payable by the Lessor to the Trustee on April 15, 1974, under Section 4.04(3) (b) and (c) of the Equipment Trust Agreement in respect of interest payable on the Equipment Trust Certificates issued under the Equipment Trust Agreement, less (y) 70.8567% of the amount of the interim rental payment payable by the Lessee to the Lessor under Section 2 hereof.

(c) The Lessee agrees to pay to the Lessor promptly amounts equal to any rental payments which may become payable by the Lessor to the Trustee on or before the Cut-Off Date, under Section 4.04(1) of the Equipment Trust Agreement in respect of (i) any expenses incurred in connection with any purchase, sale or redemption by the Trustee of Investments (as defined in the Equipment Trust Agreement), which are made by the Trustee on the written or telegraphic request of the Lessee or otherwise required by the provisions of Section 8.04 of the Equipment Trust Agreement if such request is not made by the Lessee, and (ii) any loss of principal (including interest accrued thereon at the time of purchase) incurred in connection therewith.

(d) It is understood and agreed that the Trustee is obligated to the extent provided under the last paragraph of Section 8.04 of the Equipment Trust Agreement to pay to the Lessee any interest in excess of accrued interest paid from Deposited Cash (held under the Equipment Trust Agreement at the time of purchase) or other profit which may be realized from any sale or redemption of Investments.

Section 19. Renewal Options; Right of First Refusal.
 Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than six months prior to the end of the initial term of this Lease or any extended term hereof, elect to extend the term of this Lease in respect of all, but not fewer than all, of the Units then covered by this Lease, for two additional five-year periods the first of which shall commence on the scheduled expiration of the initial term of this Lease and the second of which shall commence on the scheduled expiration of the first such extended term of this Lease, provided that no such extended term shall extend beyond April 15, 2004, at a rental, during the first such five-year period, in an amount equal to 1.87250% of the Cost of each Unit subject to this Lease as so extended, and, during the second such five-year period, in an amount equal to the "Fair Rental Value" of such Units, in each case payable in arrears in 10 semiannual payments for each five-year period; such semiannual payments to be made on April 15 and October 15 in each year of the applicable extended term.

Fair Rental Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

If on or before four months prior to the expiration of the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the relevant Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a majority of a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser shall be borne equally by the Lessor and the Lessee.

Prior to any sale, assignment, transfer or conveyance of any interest in the Units or any of them by the Lessor at any time after the expiration of the initial lease term or any extended lease term hereunder, the Lessor shall first offer such interest to the Lessee, who is hereby granted the preferential right to purchase for cash such interest (but not a lesser or different interest) on the same terms offered by or to any independent, bona fide, prospective purchaser, ready, willing and able to so purchase; in the event that the consideration offered to be paid for such interest is not wholly in cash and if the Lessor and the Lessee shall not agree upon the cash value of the offered consideration other than cash, then such cash value shall be determined by Appraisal in accordance with the next preceding paragraph of this Section 19. In any such case the Lessor shall promptly communicate in writing to the Lessee the offer made to or received by it from such independent, bona fide purchaser, ready, willing and able to purchase such interest, together with the name and address of such purchaser, and the Lessee shall have the right for a period of 14 days after the giving of said notice to elect to purchase such interest upon the same terms by giving written notice within such 14-day period to the Lessor. If the Lessee does not elect to purchase such interest within such 14-day period, the Lessor shall have the right to complete said sale, assignment, transfer or conveyance in accordance with said offer within 60 days after the expiration of said 14-day period, provided that if the Lessor fails to complete said sale, assignment, transfer or conveyance within said period of 60 days,

the preferential purchase right of the Lessee pursuant to this paragraph shall apply to any subsequent sale, assignment, transfer or conveyance. Upon any purchase of the Units pursuant to this paragraph by the Lessee, the Lessor shall upon request of the Lessee execute and deliver to Lessee, or to the Lessee's assignee or nominee, a bill of sale (without warranties) for each Unit such as will transfer to the Lessee such title to such Unit as the Lessor and the Trustee derived from the Manufacturer free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Trustee.

The Lessor intends to retain the Units for re-leasing after the expiration of the initial term of this Lease and any extensions hereof as provided in this Section 19.

Section 20. Purchase of the Lessor's Interest by Lessee if Favorable Tax Ruling is not Received. In the event that on or before July 1, 1974, the United States Internal Revenue Service shall not have issued to the Lessor, upon a request by it (herein called the Request for Ruling) a favorable tax ruling to the effect that: (i) this Lease constitutes a lease; (ii) the Lessor is entitled to the Interest Deduction with respect to the interest payable by the Lessor on the Trust Certificates; (iii) the Lessor is entitled to the Investment Credit allowed under the Code in respect of 100% of the Cost of the Units; and (iv) the Lessor is entitled to the Depreciation Deduction in respect of 100% of the Cost of the Units: then on July 15, 1974, the Lessee shall purchase and accept all of the Lessor's right, title and interest in and to the Units at a price equal to the aggregate of (A) the Lessor's original investment in the Cost of the Units, (B) interest at the rate of 9% per annum on the amount referred to in clause (A) above from the date of such investment to and including July 15, 1974, and (C) all fees, costs and expenses of any nature whatsoever (including without limitation all brokerage commissions, attorneys' and accountants' fees, printers' charges and all fees, costs and expenses incurred in connection with the Request for Ruling) incurred by the Lessor in connection with such original investment, such purchase by the Lessee pursuant to this Section 20 or otherwise in connection with the transactions contemplated by this Lease and the Trust Agreement, and to deliver to the Lessor an undertaking whereby the Lessee assumes and agrees to pay, perform and discharge all obligations of the Lessor in respect of the Equipment Trust Agreement and agrees to execute and deliver to the Trustee such further documentation in connection with such purchase and assumption as the Trustee may reasonably request. Prior to such purchase the Lessor will, in accordance with Section 1.48-4(f) of the Income Tax Regulations, file a statement with the Lessee of the Lessor's election to treat the Lessee as having purchased the Units for purposes of the credit allowed by Section 38 of the Internal Revenue Code of 1954. The payment of such purchase price shall be made at Chicago, Illinois, in immediately available funds against

delivery of a bill of sale from the Lessor transferring all of the Lessor's right, title and interest in and to the Units free and clear of all liens (other than the liens of the Equipment Trust Agreement and the Assignment) arising from acts of the Lessor. The Lessor shall not be required to make any representation or warranty as to the condition of the Units or as to any other matter. After any such purchase pursuant to this Section 20 this Lease shall remain in full force and effect and the Lessee shall continue to perform all of its obligations as the Lessee hereunder and shall also perform all of the obligations and, subject to the Equipment Trust Agreement and the Assignment, be entitled to all of the rights of the Lessor hereunder as if originally named as the lessor herein. Simultaneously with such purchase pursuant to this Section 20 the Lessee shall assume all of the obligations of the Lessor under the Equipment Trust Agreement as if originally named as the Company hereunder and shall execute and deliver such instruments and documents (in form and substance satisfactory to the Trustee) as the Trustee may reasonably request to evidence further such assumption (which instrument shall include an assumption in such capacity under the Equipment Trust Agreement of the obligations of the Lessee set forth in Sections 5 and 14 hereof).

Section 21. Mileage Allowance; Subrogation; Further Assurance. Provided the Lessee is not in default hereunder, the Lessee shall be entitled to (i) all mileage allowances and other moneys payable by reason of the use of the Units, and any such mileage allowances or other moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, including settlements pursuant to the rules of the Association of American Railroads, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

The Lessee covenants and agrees from time to time at its expense to do all acts and execute all such instruments of further assurance as it shall be reasonably requested by the

Lessor to do or execute for the purpose of fully carrying out and effectuating this Lease and the intent hereof.

Section 22. Execution. Although this Lease is dated as of October 15, 1973 for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 23. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act of the United States, the applicable recording laws of Canada and of the Provinces or Territories thereof and such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

Section 24. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States or Canadian registered mails, first-class postage prepaid, addressed as follows:

If to the Lessor, 4001 West Devon Avenue, Chicago, Illinois 60646, Attention of Vice President -- Finance, with a copy to Itel Leasing Corporation, One Embarcadero Center, San Francisco, California 94104, Attention of Contract Administration;

If to the Lessee, Windsor Station, Room 245, Montreal 101, Quebec, Canada, Attention of Vice President -- Finance and Accounting;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

Section 25. Definitions. If and so long as this Lease is assigned to the Trustee (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall also apply and refer to the Trustee and any successors thereto (with the exception of Section 14 hereof) unless the context shall otherwise require and except that the Trustee shall not be subject to any liabilities or obligations under this Lease; and the fact that the Trustee is specifically named in certain provisions shall not be construed to mean that the Trustee (and any successors thereto) is not entitled to the benefits of other provisions where only the Lessor is named. For all purposes of Section 5 and 8 of this Lease, the term "Trustee"

shall include each holder from time to time of any Trust Certificate or Trust Certificates and their respective interests in the trust estate hereunder, including but not limited to the Trust Equipment.

Section 26. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

Section 27. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Lessor or the Lessee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

Section 28. Counterpart Execution. This Lease may be executed in several counterparts, but the counterpart delivered to the Trustee shall be deemed to be the original counterpart.

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due corporate authority, have caused this instrument to be signed in their respective corporate names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

BORG WARNER
EQUITIES CORPORATION,

by

Vice President

[CORPORATE SEAL]

Attest:

Secretary

CANADIAN PACIFIC LIMITED,

by



Vice President of the
Company

[CORPORATE SEAL]

Attest:



Secretary

ASSISTANT

STATE OF ILLINOIS)
) ss.:
 COUNTY OF COOK)

On this day of , 1973, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of BORG WARNER EQUITIES CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires

 Notary Public

[NOTARIAL SEAL]

PROVINCE OF QUEBEC)
)
 CITY OF MONTREAL)

On this 9th day of November, 1973, before me personally appeared *Walter Campbell*, to me personally known, who, being by me duly sworn, says that he is the Vice President of the Company of CANADIAN PACIFIC LIMITED, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Gordon Macdonald

 Commissioner for Oaths
Notary Public

My commission is for life.

[COMMISSIONER'S SEAL]

SCHEDULE I-Lease

Basic Equipment

<u>Quantity</u>	<u>Type and Specifications</u>	<u>Cost per Unit</u>	<u>Identifying Numbers (both inclusive)</u>
200	100-Ton Bulkhead Flat Cars	\$21,345.26 (Based on Exchange at Par with Canadian Dollar)	CPI 317000 to 317199 inclusive
12	70-Ton Flush Deck Flat Cars with Saddleback Equipment	\$24,933. (U.S.)	CPAA 590025 to 570036 inclusive